

1 CITY OF OREM
2 CITY COUNCIL MEETING
3 56 North State Street Orem, Utah
4 May 27, 2014
5

6 **3:00 P.M. WORK SESSION – PUBLIC SAFETY TRAINING ROOM**
7

8 CONDUCTING Mayor Richard F. Brunst, Jr.
9

10 ELECTED OFFICIALS Councilmembers Hans Andersen, Margaret Black, Tom
11 Macdonald, Mark E. Seastrand, David Spencer, and Brent
12 Sumner
13

14 APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant
15 City Manager; Richard Manning, Administrative Services
16 Director, Greg Stephens, City Attorney; Heather Schriever,
17 Assistant City Attorney; Bill Bell, Development Services
18 Director; Karl Hirst, Recreation Director; Scott Gurney,
19 Interim Public Safety Director; Keith Larsen, Traffic
20 Operations Section Manager; Charlene Crozier, Library
21 Director; Steven Downs, Assistant to the City Manager;
22 Brandon Nelson, Accounting Division Manager; and
23 Beverly Burdett, Office Clerk
24

25 **CONTINUED DISCUSSION – UTOPIA/Milestone One Report Review**
26

27 Mayor Brunst welcomed those in attendance.
28

29 Duncan Ramage and Mike Lee were present, representing Macquarie. Nick Hann, Executive
30 Director of Macquarie, was excused. It was reported that he would be available Monday, June 2,
31 2014 to answer questions.
32

33 Mr. Davidson stated that the Macquarie representatives would not be making a formal
34 presentation but were in attendance to answer questions from the Council, Orem staff, and
35 citizens. He also noted the City was arranging open houses for the citizens to provide feedback,
36 and that Peter Wolfley and Steven Downs were preparing an informational document to be
37 distributed through the Orem utility bill.
38

39 Laura Lewis, financial advisor with Lewis and Young, had been in on conversations with the
40 City regarding Macquarie, and was also present at the meeting to provide information and
41 feedback.
42

43 Mr. Davidson suggested that those present at the meeting introduce themselves as there were
44 several citizens and internet service provider (ISP) companies in attendance. Those ISP
45 companies included Xmission, Century Link, and Black & Veatch.
46

47 Mr. Ramage said there were not a lot of new things to add as many answers had been posted on
48 the website. Midvale City voted last week to progress to Milestone Two. Macquarie's

1 partnership with other companies, including Black and Veatch, were continuing to progress. Mr.
2 Ramage said they were focusing on outstanding points such as wholesaler business models,
3 sharing agreements, and national ISPs.

4
5 Mayor Brunst reiterated that the City had scheduled two open houses at the Orem Senior Center,
6 to be tentatively held June 5, 2014, and June 11, 2014. The City Council planned to vote on the
7 Macquarie Milestone One at the scheduled meeting on June 17, 2014.

8
9 Mr. Ramage said that both he and Mr. Hann should be able to attend both open houses.

10
11 Mrs. Black asked about the thirty-month build-out plan and stated that some people were
12 doubtful on whether that could really happen.

13
14 Mr. Ramage said that came from internal UTOPIA estimates. Macquarie took it as a benchmark
15 and also had three other companies analyze the data to check the validity of the estimates. The
16 three sources said it was a reasonable estimate, and that it was achievable to have the build-out
17 completed in the estimated time frame.

18
19 Mr. Sumner stated his concern regarding replacing and updating equipment, since technology
20 changed so often. He asked how the City would calculate the expense for the citizens of Orem,
21 and if it would be done every six years.

22
23 Mr. Lee said Macquarie anticipated a complete refresh of the existing network, which would
24 reset the update clock. He said the initial refresh should extend service 15-20 years. Macquarie
25 would be monitoring the network to determine when the next refresh would need to be done.

26
27 Mr. Sumner asked if competition determined the refresh dates.

28
29 Mr. Lee said many old homes still used 10-100 switches. He said that Macquarie did not
30 anticipate the standard would change. Everything that Macquarie was putting in place was
31 standard-based and should work in the future. If, in the future, Macquarie saw that an update was
32 needed, Macquarie would then enter into a conversation with the cities to address it.

33
34 Mr. Seastrand asked who would pay for the refresh.

35
36 Mr. Lee stated that the first refresh was included in the current cost. There was already a plan to
37 address future refreshes within fifteen years at no extra cost to the cities.

38
39 Mr. Ramage said the costs would be split in proportion to revenues generated. The capacity
40 would relate to the sales of premium services. Those revenues, however they were shared, would
41 determine the split.

42
43 Mayor Brunst asked how long the upfront refresh would last.

44
45 Mr. Lee said the exact length of time could not be predicted. He said they did not anticipate the
46 market catching up to the critical need before fifteen years. He said the one-gig bandwidth
47 should suffice for the next decade, but reiterated that it could not be predicted.

1 Mr. Ramage said the maintenance for the first thirty years was included in the utility fee.

2
3 Mr. Lee said that the platform could provide on gig or ten gig service depending on the box at
4 the home. He said most homes would require one gig. He said there are very few ten gig
5 residential services today.

6
7 Mr. Ramage said the reality was that as Macquarie was replacing some of the devices, it would
8 go to the market and buy the latest and greatest.

9
10 Mr. Sumner asked if Macquarie saw the \$18-\$20 utility fee going up outside of inflation.

11
12 Mr. Ramage said they did not. The math of the utility fee to start with may change depending on
13 participation of cities.

14
15 Mr. Lee said a lot of incumbents had published average usage as twenty-one gigs. He said twenty
16 gigs walked the line between being satisfied and needing to upgrade.

17
18 Mr. Ramage said they saw data usage forecasts that went through the roof, but for the things
19 people did on the web they would not need more.

20
21 Mr. Andersen asked how many ISPs had agreed to do this. He asked what the ISPs had said they
22 wanted from the citizens.

23
24 Mr. Ramage said Macquarie would be responsible for going from the street to the house, and the
25 ISPs would go from outside the house to inside the house. The ISPs would take the power supply
26 from inside to outside, and connectivity from outside to inside. There would be no installation
27 charge. If the homeowner wanted more perks, the homeowner would negotiate with the ISP.

28
29 Mr. Macdonald expressed concern that the Council members, who were not experts on fiber,
30 were in a position to make perhaps the biggest economic decision ever. He asked how the
31 Council could get an expert to help along the way.

32
33 Mr. Davidson stated that, as municipalities, city council have run utility infrastructure since the
34 beginning of time. He said the controls set up by way of the milestone process gave the Council
35 checks and balances. The City Council could assess the market interest in those types of utilities.
36 The Council had financial, legal, and technology advisors to help with the decision.

37
38 Mr. Ramage said the Council effectively was transferring nearly all the risk to Macquarie, so the
39 risks from changing technology , build out, levels of service, etc., would be the responsibility of
40 Macquarie, but the risk of it not being enough in the future was a shared risk. The current plan
41 provided the pipe that would never need to change. The fundamental infrastructure would not
42 need to be changed. The hardware around it could be upgraded. The marginal cost of delivering
43 premium service was exceptionally low.

44 Mr. Spencer asked if the build-out goal was realistic as it would require 200 connections per day.

45
46 Mr. Ramage said the timeline would come into sharper focus as they moved along. He said it
47 could be twenty-nine months or thirty-two months, but it would not take five years. All overages

1 would be penalized to Macquarie. Four independent sources had validated the thirty-month
2 estimate.

3
4 Mr. Seastrand asked about the build-out plan. Mr. Ramage said community interest would
5 determine who would be built first. Those who were near the net would get the net soonest. That
6 would get revenue flowing the most quickly. Once Macquarie had a plan, it would be very
7 transparent so the ISPs could sell ahead of it and people would know when the crew would be on
8 their street.

9
10 Mrs. Black asked when those details would come into focus.

11
12 Mr. Ramage said certain elements would come into focus before closing, but that there would be
13 a lag between closing and the first new drop as they refresh the existing hardware.

14
15 Mr. Spencer stated that Veracity was offering ten gigs to businesses in Provo and asked if Orem
16 would be shortchanging itself already.

17
18 Mr. Lee said the City would not be shortchanging itself. Orem could offer a ten-gig service to
19 businesses that did not have much value for home service. Ten-gig services on a wide
20 deployment would be a problem.

21
22 Mr. Ramage said that the hardware was expensive, and the average speed in the US was ten gigs.

23
24 Mr. Spencer said that requiring citizens to pay for the utility, whether they want it or not, was a
25 tough pill for citizens to swallow. He asked about the 30 percent take rate.

26
27 Mr. Ramage said that the 30 percent take rate was required for the debt to be resolved. The utility
28 fee solved the problem of the risk of people not signing up. He said that some citizens would use
29 a land line, some would use TV service, and some would use internet, but the cost would remain
30 the same relative to the current bill.

31
32 Mr. Macdonald asked if the utility fee would be needed if there was a high enough take rate.

33
34 Mr. Ramage said the premium service would be outside the utility fee; therefore, the take rate
35 was zero. He said that the upside of the premium service was that the revenue would be shared if
36 it went up.

37
38 Mr. Davidson noted there were costs whether the City went forward with Milestone Two or not.

39
40 Ms. Lewis addressed the two options that people most often suggest:

- 41 • Why not sell. Ms. Lewis said that question was waning with education. There was a swap
42 outstanding with those bonds and it would add 40 percent to the cost if the debt was
43 retired. She said it was a very bad option in the low interest rate environment.
- 44 • Regarding the “Go Dark” option, there was an unknown cost due to potential litigation.
45 There was no government immunity in contracts. Other cities would be harmed by Orem
46 going dark. Orem’s relationship to the special assessment bond in Brigham City could be
47 an issue and repayment of the stimulus grant from the federal government would also be

1 called into question. Ms. Lewis reported that if Orem did not go through with the
2 partnership with Macquarie, Orem would be responsible for the operational charges, port
3 access in the homes, electronics in the neighborhoods, and the refreshing of the
4 equipment in the areas that were already lit. She said the cost of having to negotiate a
5 contract for these services was unknown. It was not a question of zero or \$20 per month.
6

7 Mr. Ramage said the current debt load was about \$8 per month, rising to \$12 per month.
8

9 Ms. Lewis said if the City were to put a charge for paying the existing debt, it would be
10 approximately \$8 to \$12.
11

12 Mr. Ramage said the City would benefit from the premium services while Macquarie would
13 absorb the operating costs. Every customer who upgraded would help pay down the debt.
14

15 Ms. Lewis said that even with a low take rate, the City would likely see repayment of a
16 significant amount of the debt.
17

18 Mayor Brunst turned the time to the audience for questions.
19

20 Mike Thill said that Google fiber had a consistency of 60 percent and UTOPIA had 80 percent.
21 He asked how important it was to have a high percentage.
22

23 Mr. Lee said Google had different rates in its different markets. He said Macquarie would use an
24 aggressive model, and everybody would get the 3x3x20.
25

26 Brent Starks asked if the ISPs would be free to set their own rates and wondered if there would
27 be any additional fees tacked onto that, like the UTOPIA maintenance fee.
28

29 Mr. Lee said the utility fee would be paid to the City, and the customer would only pay a fee to
30 the ISP if the customer selected premium service.
31

32 Mr. Ramage said the ISPs would provide basic service at no fee beyond the utility fee. All
33 operating costs would be set by the utility fee, and Macquarie would make it very competitive.
34

35 Jim Fawcett asked if at any time in the next 30 years Macquarie might sell its interest in the deal.
36

37 Mr. Ramage said selling was possible.
38

39 Mr. Fawcett asked how that sale would be valued.
40

41 Mr. Ramage said a future investor would look at how the business had been operating as well as
42 at quality, the nature of cash flow, and the cost base.
43

44 Mr. Macdonald asked if people could send questions to Mr. Davidson to give to Mr. Hann before
45 Monday. Mr. Davidson said that would be fine.
46

47 Sam Lentz said that, as a citizen who understood technology, he wanted to tell the City Council
48 that the City would be foolish not to take the deal.

1
2 PRESENTATION – FY 2015 Budget – Part III
3

4 Mr. Davidson said this was the third installment of the scheduled budget discussions for FY
5 2014-15. He said the final budget would go before the City Council for adoption at the meeting
6 scheduled on June 10, 2014.
7

8 *Public Works*

9 Chris Tschirki provided a Power Point presentation on the FY 2015 Budget for the Department
10 of Public Works.
11

12 Enterprise Fund Departmental Budgets

- 13 • Water – Fund 51
 - 14 ○ Stewardship report
 - 15 ▪ 400 kW Generator
 - 16 ▪ 4” Water Main Replacement - \$500,000, 1 mile
 - 17 ▪ Bid and awarded Alta Springs Pipeline Project - \$2.5 Million
 - 18 ○ Master Plan
 - 19 ▪ Created a water model to evaluate current piping and storage and predict
 - 20 future needs
 - 21 ▪ Evaluate Alta Springs Power Generation Possibilities
 - 22 ▪ Study Automatic Meter Reading (AMR)
 - 23 ▪ Study Water Reuse
 - 24 ▪ Develop Water System Capital Facilities Plan
 - 25 ▪ Analyze current impact fees and connection fees
 - 26 ▪ Develop a Financial Plan with a rate study to support the proposed plans
 - 27 ○ Budget – Fund 51 FY 2015
 - 28 ▪ \$50,000 Misc. Construction
 - 29 ▪ \$250,000 4” Waterline Replacements
 - 30 ▪ \$250,000 Canyon Springs (3 Year Sinking)
 - 31 ▪ \$75,000 Vehicle 5150 (Maintainer)
 - 32 ▪ \$180,000 Vehicle 545 (Dump Truck)
 - 33 ▪ \$75,000 Vehicle 5152 (Service Truck)
 - 34 ▪ \$50,000 Asphalt Paver Contribution (\$160k)
 - 35 ▪ \$930,000 TOTAL
- 36 • Water Reclamation (Sewer) – Fund 52
 - 37 ○ Stewardship Report
 - 38 ▪ UV Disinfection - \$1.0 Million
 - 39 ▪ New Jet/Vac Truck - \$350,000
 - 40 ▪ Pipe Liners
 - 41 ○ Master Plan
 - 42 ▪ Create a sewer model to evaluate current piping and storage and predict
 - 43 future needs
 - 44 ▪ Analyze existing struvite problem and recommend solutions
 - 45 ▪ Connection fees and base rate analysis
 - 46 ▪ Evaluate maintenance and manpower needs
 - 47 ▪ Develop a sewer capital facilities plan

- 1 ▪ Develop a financial plan with a rate study to support the proposed plans
- 2 ○ Budget – Fund 52 FY 2015
- 3 ▪ \$25,000 Misc Construction
- 4 ▪ \$150,000 Beverly Neighborhood Replacement
- 5 ▪ \$100,000 Pipe Liners (Yearly)
- 6 ▪ \$15,000 Mini-scout Camera Replacement
- 7 ▪ \$200,000 Vehicle 6201 (Jet/Vac Truck, 2nd year)
- 8 ▪ \$70,000 Vehicle 6100 (Service Truck)
- 9 ▪ \$80,000 Treatment Monitoring Equipment
- 10 ▪ \$29,000 GPS Rover
- 11 ▪ \$669,000 TOTAL
- 12 • Storm Water – Fund 55
- 13 ○ Stewardship Report
- 14 ▪ Sweeping – Annual Averages
- 15 • 2,098 Machine Hours
- 16 • 7,871 Miles Swept
- 17 • 14,249 Miles Traveled
- 18 • 2,878 Cubic Yards of Debris Removed
- 19 • Each City Street Swept 13 Times
- 20 ▪ SWPPP Inspections – Annual Averages
- 21 • 86 SWPPP Permits Issued
- 22 • 219 Construction Site Inspections
- 23 • 135 Construction Sites in Compliance
- 24 • 68 Construction Sites in Compliance with Conditions
- 25 • 28 Construction Sites out of Compliance
- 26 • 3 Citations Issued
- 27 • \$880 in Fines Collected
- 28 ▪ Compliance with EPA and State Regulations
- 29 • 2010 Stormwater Management Plan
- 30 • NPDES Minimum Control Measures
- 31 ○ Public Education
- 32 ○ Public Involvement
- 33 ○ Illicit Discharge Detection and Elimination
- 34 ○ Construction
- 35 ○ Post-Construction
- 36 ○ Good Housekeeping
- 37 • Coordination with:
- 38 ○ Utah County Storm Water Coalition
- 39 ○ Utah Storm Water Advisory Committee
- 40 • Quarterly Inspections of City Facilities
- 41 ▪ Infrastructure
- 42 • Inlets
- 43 ○ 3175 Stormwater Inlets
- 44 ○ 26 Groundwater Inlets
- 45 ○ 754 Irrigation Inlets
- 46 ○ 3210 Private Stormwater Inlets

- 333 Inlets Inspected Annually
- Manholes
 - 1561 Stormwater Manholes
 - 154 Groundwater Manholes
 - 631 Irrigation Manholes
 - 444 Private Stormwater Manholes
 - 68 Manholes inspected Annually
- Sumps
 - 1753 Stormwater Sumps
 - 1818 Private Stormwater Sumps
 - 337 Sumps Inspected Annually
- Pipes
 - 82.9 Miles Stormwater Pipe
 - 6.8 Miles Groundwater Pipe
 - 59.1 Miles Irrigation Pipe
 - 34.1 Miles Private Stormwater Pipe
 - 13.9 Miles of Pipe Inspected Annually
- Storm Water Accomplishments
 - New Infrastructure
 - Williams Farm Detention Basin
 - Pipe installation on Industrial Park Drive north of 800 North
 - Pipe installation on 1330 West, north of Center St.
 - Lindon Hollow detention basin and conveyance
 - UDOT Partnership improvements
 - I-15 Storm drain crossings in multiple locations
 - Drain installation on 1200 West in multiple locations
 - Drain installation in 800 North from 400 West to 1550 West
 - Drain pipe extension in Center St. from I-15 to 1000 West
 - Drain installation in Geneva Road from University Parkway to 1200 North
 - Six additional detention basins, including one regional basin located at 1550 West 800 North
- Budget – FY 2015 – Storm Water Current Status
 - 21,581 Utility Accounts
 - 52,977 ESUs
 - \$2,995,776.73 Annual Revenue (Adjusted for Credits
 - FY 2014 Budget – \$2,850,000
 - Personnel – \$834,424
 - Operations and Maintenance – \$528,940
 - Administrative Fees and Charges – \$483,972
 - Capital Improvements – \$310,944 (\$1,084,471- FY 2014 Projects)
 - Equipment Replacement – \$360,624
 - 2006 Bond Payment – \$331,096
 - Proposing a 25¢/ESU/Month increase for FY 2015 which would generate approximately \$145,000 annually

○ Capital Improvement Needs

Description	Cost
Taylor/Cherry Hill Farm Wetland Property Purchase	\$500,000
Pipe the Lake Bottom Canal, 2000 South	\$100,000
Lakeside Park drainage thru Vineyard	\$300,000
400 North, Main Street to 400 East	\$500,000
400 North, 400 East to 800 East	\$500,000
400 North, 800 East to 1000 East	\$300,000
1200 North, 400 East to 1200 West	\$1,500,000
400 East to State Street, Scera Park	\$500,000
600 North, 200 East to 800 East	\$600,000
Construct Detention Basin at Sharon Park	\$350,000
Southwest Annexation Work (Engineering Est.)	\$2,500,000
Lakeridge Detention Basin	\$500,000
Lakeridge Piping Projects	\$1,000,000
TOTAL	\$9,150,000

Mr. Andersen asked if the \$0.25 rate increase was for operating expenses. Mr. Tschirki said the increase was intended for capital improvements. The City was attempting to have 30 percent of the fund balance set aside for emergencies.

Mr. Davidson said Orem had long prided itself by reporting it had the cheapest utilities compared to many other cities in the state, but now the infrastructure was getting old.

Mayor Brunst said the City did not need to be the cheapest but needed to use wisdom.

- Street Lighting – Fund 58

- Stewardship Report

- Testing LED Street Lights – *Financial Sustainability*

- The City would save an estimated \$295,000 annually for power by changing lights to LED

- Maintained 5,248 Street Lights

- Replaced Retired Street Light Specialist

- Work Orders Completed 1,194

- 895 Light Bulbs Changed out
 - 566 Capacitors Replaced
 - 126 Fuses Replaced
 - 83 Photo Cells Replaced
 - 29 Ballasts Replaced
 - 8 Dig Ins Repaired Requiring
 - 1,600 Feet of Wire
 - 210 Feet of Conduit

- 7 Street Lights Hit by Vehicles

- Future Challenges

- Funding LED change-out of City-owned street lights - \$2.8M

- Convert RMP-owned street lights in expired light districts to City-owned standard green Washington poles w/LEDs - \$1.4M
- Convert RMP-owned street lights along South State Street to City-owned standard green Memphis Corridor poles w/LEDs - \$600,000
 - OR: Purchase the RMP lights above and leave the existing poles and only convert to LEDs - \$264,000
- Financial Sustainability - continued increase in power costs
- Operational and maintenance funding after street light fee expires
- Long-term operations, maintenance, repair/replacement plan (develop a 50-year sinking fund)

Mr. Macdonald asked if a cost benefit analysis had been completed on the street lighting. In response, Mr. Tschirki discussed the option summary as presented in the PowerPoint presentation and pointed out the total savings over the life of the light. He drew attention to the installation cost being reported in red because the retrofit kits did cost more.

The Streets and Fleet budget information was not covered in the meeting due to lack of time. A document containing the following information was sent to the City Council. Mr. Tschirki instructed the Council to contact him with any questions they had regarding the Streets and Fleet funds.

- Streets (State Road Fund) – Fund 20 / Fund 10
 - Stewardship Report – Streets
 - 241 Centerline Miles
 - Local – 187 Miles
 - Collector – 37.5 Miles
 - Arterial – 16.5 Miles
 - 529 Lane Miles
 - 47 Million SF
 - Estimated Value of \$135M
 - 34 City Owned Parking Lots
 - Stewardship Report – Sidewalks
 - 500 +/- Miles
 - Standard Combination – 362 Miles
 - Rollback Combination – 18.5 Miles
 - Planter Strip – 30 Miles
 - 4,278 ADA Ramps
 - 745 Locations without an ADA Ramp
 - Approximately 13 miles of the City did not have sidewalk or gutter
 - Estimated Value of \$132M
 - Accomplishments in 2013
 - Overlays & Reconstructs
 - 1200 North Murdock Canal reconstruction
 - 2000 North 400 West reconstruction
 - 1200 West Overlay
 - Slurry Seal – 23 miles of City Streets
 - Crack Seal – 36 miles of City Streets

- 1 ▪ Micro Surface
- 2 • Orem Boulevard 400 North to 400 South
- 3 • 1200 South State Street to Sandhill Road
- 4 ▪ Street Maintenance – Previous Five Years
- 5 • 133 centerline miles of crack seal
- 6 ○ 92 centerline miles of slurry seal
- 7 ○ 22 centerline miles reconstruct/overlay
- 8 ○ 2 centerline miles micro surfacing
- 9 ○ 26,990 tons of asphalt placed by City crews - equal to
- 10 12 miles of new road
- 11 • 5,070 cubic yards of concrete placed by City Crews - equal to
- 12 9.5 miles of sidewalk
- 13 • Over one mile of curb, gutter, and sidewalk installed
- 14 • Over 400 ramps installed or updated to meet current ADA
- 15 requirements
- 16 • Over 1,500 sidewalk hazards milled
- 17 • Snow Removal – Five Year Average
- 18 ○ 1,500 man hours
- 19 ○ 1,600 lane miles treated
- 20 ○ 2,000 tons of salt used
- 21 • Pavement and Sidewalk Management
- 22 ○ Over 2,500 Street Inspections
- 23 ○ Over 4,000 Sidewalk Inspections
- 24 ○ Asphalt Cored all Rehabilitated Roads
- 25 ○ Budget – FY 2015 – Streets Current Status
- 26 ▪ General Fund
- 27 • \$1.34M budget
- 28 • Personnel, \$1.02M
- 29 • Equipment Maintenance
- 30 ○ Fuel
- 31 ○ Equipment Repairs
- 32 ○ Equipment Rental
- 33 • Materials
- 34 • Other
- 35 ○ Landfill
- 36 ○ Tools
- 37 ○ Office Needs
- 38 ○ Phones/Communications & Supplies
- 39 ▪ State Road Fund
- 40 • \$2.4M Budget
- 41 • Capital Projects – \$1.4M
- 42 ○ Overlays – \$500,000
- 43 ○ Crack Sealing – \$300,000
- 44 ○ Slurry Seals – \$500,000
- 45 ○ Street Striping – \$100,000
- 46 • Materials – \$511,000

- Asphalt, Concrete, Salt (Snow Removal)
- Equipment – \$100,000
 - Maintenance
 - Purchase/Replace
 - Lease/Rental
- Other - \$400,000
 - Administration Charge
 - Professional & Technical Services
 - Supplies
- Capital Improvement Needs
 - General Fund
 - \$2.3M budget
 - Personnel – \$1.09M
 - Operations & Maintenance – \$50,000
 - Equipment Maintenance – \$162,000
 - Fuel
 - Equipment Repairs
 - Equipment Rental
 - Materials – \$511,000
 - Equipment – \$410,000
 - Purchase/Replace
 - Lease/Rental
 - Miscellaneous Projects – \$81,000
 - State Road Fund
 - \$2.4M budget
 - Capital Projects – \$2M
 - Overlays – \$1M
 - Crack Sealing – \$300k
 - Slurry Seals – \$400k
 - Micro Surfacing – \$200k
 - Street Striping – \$100k
 - Other – \$400k
 - Administration Charge
 - Professional & Technical Services
 - Supplies

The current funding enabled the City to perform the needed crack and slurry seal each year. It allowed for only 60 percent of the needed overlays to be completed. Within ten years, the City's average OCI would likely decrease below 80, with approximately twelve centerline miles of arterial and collector streets rated as "Poor" or "Failed."

The following chart was included in the shared document which illustrated the increased funding needed to complete the minimum maintenance and rehabilitation each year. All City streets could receive crack seal in an 8-year cycle, and all local roads could receive slurry seal in this same cycle. This could also provide for the needed centerline miles of arterial, collector and selected local overlays each year. The work performed each year with this amount of funding could enable the City OCI average to remain at or near the current 82.7.

1

Type	Current Funding	Increased Funding
Crack Seal	\$300,000	\$300,000
Slurry Seal	\$500,000	\$400,000
Overlay/Reconstruction	\$500,000	\$1,000,000
Micro Surfacing	\$0	\$200,000
Striping	\$100,000	\$100,000
Total	\$1,300,000	\$2,000,000

2

3

- Fleet – Fund 61

4

- Stewardship Report

5

- The Fleet Maintenance Fund was an internal service fund that received all of its operating revenues through transfers from City General Fund and Enterprise Funds

6

- Annual Operating Fund of approximately \$585,000 in FY 2014

7

- 78% comes from the General Fund

8

- 22% comes from Enterprises Funds

9

- 506 Pieces of Rolling Stock (trucks, pickups, sedans, mowers, heavy equipment, fire equipment, motorcycles, utility vehicles, etc.)

10

- 114 Sedans (65 of which are patrol cars)

11

- 92 Pickups

12

- 44 Dump Trucks of various sizes

13

- 8 Fire Trucks

14

- 7 Ambulances

15

- Own nearly 400 licensed vehicles, of which 347 were exempt

16

- 380 Pieces of Small Equipment (weed trimmers, push mowers, chain saws, water pumps, portable generators, backpack blowers, sanders, etc.)

17

- 4 Full-time Mechanics, 1 Fleet Manager

18

- Performed 500 vehicle inspections and 260 emission tests conducted annually

19

- \$600,000 General Fund in annual vehicle replacement

20

- Completed State of the Fleet Report

21

- Needs Identified:

22

- General Fund needed \$1.7M in annual equipment replacement

23

- Enterprise Fund needed \$1.3M in annual equipment replacement

24

- Identified 34 Surplus Pieces of Equipment, which would save \$72,000 annually in equipment expenditures

25

- Average age of the fleet has increased from 6.5 years in 1985 to 10.5 years in 2014

26

- Moving to standardizing the fleet wherever practical

27

- Fleet – Leasing vs. Replacement

28

29

30

31

32

33

34

35

36

37

38

- Analysis completed May 2014 indicated the following:
 - 139 Potential vehicles (sedans and pickup trucks)
 - 176 Potential vehicles Citywide

Solid Waste

Brenn Bybee, Assistant City Manager, said the Solid Waste Fund was self-sustaining and numbers stayed with over 12,000 customers recycling.

Recreation Facility and Outdoor Pool

Karl Hirst, Recreation Director, said the recreation fund involved the Scera outdoor pool and the Orem Fitness Center. The recreation fund was not fee based, but was point-of-sale based, which had the tendency to increase volatility of the fund.

In 2008, Orem was the only show in town when it came to recreation. Prior to 2008, the recreation fund was supported by the General Fund. From 2008 to 2013, the recreation fund was self-sustaining. Due to the recent remodel of the fitness center, and other contributing factors, the recreation fund would not be self-sustaining moving into FY 2014-15.

Mr. Hirst said the Recreation Department was making efforts to try to regain patronage of local Orem citizens who may have begun using Provo or other neighboring recreation centers when the Orem Fitness Center was closed for a period of time for the remodel. Plans were in place to heavily market and promote the grand reopening of the Fitness Center Pool. The grand reopening was scheduled for July 12, 2014.

The Recreation Department would also attempt to get the Scera outdoor pool patrons to move indoors to the Fitness Center for year-round recreational swimming at the end of the summer season.

Mr. Hirst detailed some of the recreation department concerns which included the following:

- Maintenance of a 37-year old building
- Competition from new Provo Rec Center and Pass of all Passes
- Having the Orem Fitness Center pool closed for 2-3 months
- Flexible staff competitive compensation plan
- Fair, comparable, and competitive pool pricing

Mayor Brunst asked how long it would take to tell if patrons were coming back. Mr. Hirst said the Recreation Department would likely know by the end of March.

Mr. Spencer asked what marketing tools were being used. Mr. Hirst said email, Twitter, and Facebook would be used; the Recreation Department would likely circulate some kind of flier as well.

Comprehensive Financial Sustainability Plan

Laura Lewis, with Lewis, Young, Robinson and Burningham, provided a progress report on the process of preparing a Financial Sustainability Plan for the City of Orem. Ms. Lewis reported the firm was on schedule to complete the Financial Sustainability Plan around the first week of July.

Future Cost Saving Measures

- 1 Richard Manning, Administrative Services director, reviewed the following list of suggested
- 2 service level changes:

Department	Description	Savings
City Manager	Sr. Programmer replaced with PC Coordinator	\$24,000
NIA	Eliminate NIA Grant Program	\$17,430
Admin Services	Changes to A/P processing	\$17,490
	Modifications to Warehouse operations	\$45,800
	Contracted security process service in Court	(Out to RFP)
Dev. Services	Eliminate PRD Subsidy	\$9,400
Library	Close Internet Desk	\$25,000
	Open 10:00 AM M - F	\$18,000
	Library open Noon Sat	\$6,750
	Scale back Flex Positions throughout Library	\$7,500
Comm Promos	Eliminate support for Utah Lake Commission	\$17,750
	Miss Orem Pageant and City Float	\$18,000
	Summerfest Public Safety extra expenses	\$17,775
	Summerfest Fireworks	\$12,000
	Eliminate support for Utah Lake festival	\$1,000
	Eliminate Lights On Program	\$1,000
	Changes in Arts Commission funding	\$1,500
	Changes in Planning Commission funding	\$1,000
	Discontinue Volunteer Appreciation Event	\$2,700
	Changes in Historic Preservation funding	\$250
	Changes in Beautification Commission funding	\$2,000
Police & Fire	Reduced PS front counter hours	\$5,750
	Cut Public Safety fair	\$8,855
	Public Safety extra Storytelling Festival costs	\$6,125
Police	Online Traffic School	\$16,300
	Changes in Milestones of Freedom funding	\$10,000
	Divert NOVA officer to Patrol/Investigations	-
Fire	Efficient use of apparatus	\$12,000
	Modifications to staffing of shifts	\$350,000
Recreation	Senior Center close 2 hours earlier	\$6,750
	Close the Fitness Center on select City holidays	\$5,000
	Close the Fitness Center at 9:00 p.m.	\$16,000
	Close the Fitness Center at 7:00 p.m. on Saturdays	\$6,500
Public Works	Changes in Park Maintenance operations	\$53,000

	Changes to beautification programs funding	\$3,500
	Changes in Fleet services	(Under eval.)
Grand Total		\$748,625

Mr. Manning said the list was comprised of things the City could let go of to get back to equilibrium. He said the process was dynamic in that the changes could happen over time to allow the City to appreciate the savings. Some measures would require up-front cost in order to reap long-term savings. He said the suggested list of service level changes was not finite, but the list merely suggested considerations that could lead to significant short and long-term savings. Mr. Manning noted that some of the suggested service level changes and other cost saving measures may be viewed as sacred cows. He said staff had put together a list of possible cost-saving measures for the Council to consider.

Mr. Davidson discussed core essential services and said many of the cost-savings measures listed were not considered “core essential services,” though they were nice services that the citizens appreciated.

Mr. Manning said the City had some costs that were not necessarily deemed financial necessities. He said the Council could consider those costs as well to find ways to save.

Mr. Davidson summed up the discussion by stating that the City, in order to save money, would either have to raise fees or decrease services.

5:35 P.M. STUDY SESSION

CONDUCTING

Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS

Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director, Greg Stephens, City Attorney; Karl Hirst, Recreation Director; Chris Tschirki, Public Works Director; Scott Gurney, Interim Public Safety Director; Charlene Crozier, Library Director; Steven Downs, Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder

Preview of Upcoming Agenda Items

Staff presented a preview of upcoming agenda items to the Council.

Review Agenda Items

The Council and staff reviewed the agenda items.

City Council New Business

1 There was no new City Council new business.

2
3 The Council adjourned at 5:56 p.m. to the City Council Chambers for the regular meeting.

4
5 **6:00 P.M. REGULAR SESSION**

6
7 CONDUCTING Mayor Richard F. Brunst, Jr.

8
9 ELECTED OFFICIALS Councilmembers Hans Andersen, Margaret Black, Tom
10 Macdonald, Mark E. Seastrand, David Spencer, and Brent
11 Sumner

12
13 APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant
14 City Manager; Richard Manning, Administrative Services
15 Director, Greg Stephens, City Attorney; Steve Earl, Deputy
16 City Attorney; Bill Bell, Development Services Director;
17 Jason Bench, Planning Division Manager; Karl Hirst,
18 Recreation Director; Scott Gurney, Interim Public Safety
19 Director; Charlene Crozier, Library Director; Steven
20 Downs, Assistant to the City Manager; and Taraleigh Gray,
21 Deputy City Recorder

22
23 **INVOCATION /**

24 **INSPIRATIONAL THOUGHT** Annette Harkness

25 **PLEDGE OF ALLEGIANCE** Steven Downs

26
27 **APPROVAL OF MINUTES**

28
29 Mr. Sumner **moved** to approve the minutes from the following meetings:

- 30
 - May 13, 2014, City Council Meeting
 - May 14, 2014, Orem Forum Meeting

31
32 Mr. Andersen **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard
33 F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion
34 **passed**, unanimously.

35
36 **MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL**

37
38 Upcoming Events

39 The Mayor referred the Council to the upcoming events listed in the agenda packet.

40
41 Appointments to Boards and Commissions

42 No new appointments to Boards and Commissions were made.

43
44 Recognition of New Neighborhoods in Action Officers

45 No new Neighborhood in Action officers were recognized.

46
47 Report – Summerfest Advisory Commission

1 Annette Harkness, Committee Chair, thanked Mrs. Black for serving as the councilmember
2 liaison to the Summerfest Advisory Commission. Ms. Harkness reported the grand marshals for
3 Summerfest 2014 were Allan and Suzanne Osmond. Ms. Harkness said Summerfest donations
4 were reported high and stated the baby contests, along with other Summerfest events, would be
5 fully funded through those donations. She said Summerfest was self-sustaining other than the
6 firework expenses.

7
8 Mrs. Black thanked those working on the committee for putting together the celebration the
9 community always enjoyed.

10
11 Presentation – Pleasant Grove Royalty

12 The Miss Pleasant Grove royalty presented the City Council with a strawberry cheesecake and
13 invited them to attend the Pleasant Grove Strawberry Days events being held June 18-21, 2014.

14
15 **CITY MANAGER APPOINTMENTS**

16
17 There were no City Manager appointments.

18
19 **PERSONAL APPEARANCES**

20
21 Time was allotted for the public to express their ideas, concerns, and comments on items not on
22 the agenda. Those wishing to speak should have signed in prior to the meeting, and comments
23 were limited to three minutes or less.

24
25 Sam Lentz, resident, said walking away from UTOPIA would do nothing to resolve the debt. Mr.
26 Lentz spoke in favor of the partnership with Macquarie. He voiced concern that some of the
27 Councilmember's opinions on the Macquarie PPP and the speed of the potential build-out were
28 not in the best interests of the citizens.

29
30 Jim Fawcett, resident, said he was not in favor of the City trying to save UTOPIA, and that the
31 Cities involved should just let UTOPIA die.

32
33 Linda Housekeeper, resident, said she coordinated "Meet and Mingle" events for the County
34 election races. She voiced frustration that Orem did not give her non-profit status for these
35 functions.

36
37 **CONSENT ITEMS**

38
39 There were no consent times.

40
41 **SCHEDULED ITEMS**

42
43 6:20 P.M. PUBLIC HEARING

44 ORDINANCE – Amending 22-11-35(D), and 22-11-35(L)(9) of the Orem City Code
45 pertaining to development requirements in the PD-22 (Urban Village) zone

46
47 Jason Bench, Planning Division Manager, reviewed with the Council a request to amend
48 Sections 22-11-35(D) and 22-11-35(L)(9) of the Orem City Code pertaining to development

requirements in the PD-22 (Urban Village) zone. He noted that it currently did not allow the outdoor storage of equipment, materials, or products related to a commercial use. The applicant wished to amend the PD-22 zone to allow such outdoor storage in order to accommodate the needs of BJ Plumbing Supply who desired to locate at 950 North 1200 West.

The proposed amendment would limit outdoor storage in the PD-22 zone to only those parcels that were adjacent to 1200 West. In addition to the BJ Plumbing Supply property, other properties in the PD-22 zone with frontage on 1200 West included McDonald's, Maverick, Marriot TownPlace Suites, and Broadview University. Heringer Marine also had frontage on 1200 West and had outside storage, but was in the HS zone and not the PD-22 zone. Any future businesses that locate north of the approved BJ Plumbing site would also be able to have outside storage.

Outside storage of materials is currently allowed in all commercial and professional office zones provided that such storage is screened by a sight obscuring fence at least six feet in height. The proposed amendment would also require a minimum six-foot, masonry-type fence to enclose the entire storage area and also require that no outside storage items could exceed the height of the fence.

The applicant was also requesting that Standard Land Use (SLU) code 6413 Automobile Repair (inside only and only along and facing 1200 West) be permitted in the PD-22 zone. Like the outdoor storage provision, automobile repair uses would only be allowed on parcels adjacent to 1200 West. Adding that use to the PD-22 zone would give the applicant more options to develop his property. The use was currently allowed in the C2, M1, M2 and HS zones. There was an existing auto repair shop currently operating in the HS zone which was directly adjacent to the PD-22 zone. In addition, similar uses such as Automobile Wash (SLU 6411) and Auto Lube & Tune (SLU 6412) were currently permitted in the PD-22 zone only along and facing 1200 West.

The proposed amendments are outlined below:

22-11-35(D):

<u>Standard Land Use Code</u>	<u>Category</u>
<u>6413</u>	<u>Automobile Repair (inside only and only along and facing 1200 West)</u>

22-11-35(L)(9):

9. Outside Storage:

- a. The development shall provide areas for the secure and covered storage of bicycles and other small recreational items. Such items shall not be permitted to be stored on residential balconies, or within common interior or exterior hallways of the development.
- b. No outside storage of equipment, materials, or products related to any nonresidential use shall be allowed except that the outside storage of products that are or will be offered for sale to the general public shall be allowed on parcels located adjacent to 1200 West. All allowed outdoor storage shall be screened by a sight obscuring fence at least six feet (6') in height. All fencing shall be constructed of masonry, or a steel reinforced, polyethylene, pre-panelized fence, which has the look of a pre-cast concrete fence with granite-textured panels. The height of any outdoor storage materials may not exceed the height of the fence screening such materials.

Advantages

- The proposed amendment allowed a business in the PD-22 zone to have outside storage, but only when adjacent to 1200 West.
- Required outdoor storage to be screened by a sight-obscuring fence so storage materials would not be readily visible.
- Allowing SLU 6413 Automobile Repair (inside only) allowed more options to develop property adjacent to 1200 West. Similar uses were currently allowed when facing 1200 West.

Disadvantages

- None determined.

Mr. Seastrand asked if the storage would be behind the building along 1200 West. Mr. Bench said part of the storage would be adjacent to the building, and part would be behind the building.

Mr. Macdonald asked if neighbors were notified and if neighbors were in favor of the change. Mr. Bench said neighbors were notified and, to his knowledge, the neighbors were in favor of the change.

Mr. Spencer asked about fence heights. Mr. Bench said seven feet was the maximum fence height.

Paul Washburn, applicant, said the reason for the secured storage area was because BJ Plumbing had trucks full of supply parts that needed to be parked in a secure area overnight. The majority of the sprinkler materials would be moved inside a warehouse area. The secured yard would allow deliveries to be secure, no matter what time the deliveries came.

Mr. Washburn said the property was completely surrounded by highway services. He added that the reason behind changing the zone instead of simply rezoning the highway services was that there were certain design standards that were planned to be maintained.

Mr. Sumner asked where the equipment was being stored currently. Mr. Washburn said BJ Plumbing had a yard near its current location.

Mayor Brunst opened the public hearing. When no one came forward he closed the public hearing.

Mr. Seastrand **moved**, by ordinance, to amend Sections 22-11-35(D) and 22-11-35(L)(9) of the Orem City Code pertaining to development requirements in the PD-22 (Urban Village) zone. Mr. Spencer **seconded** the motion.

Mrs. Black asked if automobile repair had been addressed. Mr. Washburn said currently auto tune-ups were an approved use and indicated he had received some inquiries regarding using the property to erect a brake shop. The same design requirements would be present should the brake shop come in.

1 Mayor Brunst called for a vote. Those voting aye: Hans Andersen, Margaret Black, Richard F.
2 Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion
3 **passed**, 7-0.

4
5 6:20 P.M. PUBLIC HEARING

6 ORDINANCE – Amending the General Plan land use map by changing the land use from
7 medium density residential to regional commercial, and amending Section 22 5 3(A) and
8 the zoning map of the Orem City Code by rezoning 0.35 acres from R6 to HS at 2008 South
9 Sandhill Road

10
11 Mr. Bench presented to the Council a recommendation by YESCO that the City Council rezone a
12 small parcel of land it owns at 2008 South Sandhill Road and an adjoining parcel owned by the
13 City from the R6 zone to the Highway Services (HS) zone. The two parcels included in the
14 request comprise 0.35 acres (15,246 square feet). The property bordering the subject property on
15 the north is also zoned HS.

16
17 He indicated that the application consisted of two parts. The first was to amend the General Plan
18 land use map of the City from medium density residential to regional commercial. The second
19 part was to amend the zone map of the City by changing the zone from R6 to Highway Services
20 (HS).

21
22 YESCO made the request because it desired to maintain an LED sign on its existing billboard at
23 the proposed location. YESCO first erected a billboard on the property in approximately 1998.
24 At that time the YESCO parcel consisted of 0.56 acres (24,393 square feet).

25
26 Up until 2005, the property was in unincorporated Utah County and was zoned Industrial-1.

27
28 In 2005, YESCO filed an application to have the property annexed into the City. At
29 approximately the same time, the City was negotiating with YESCO to acquire a part of the
30 property so that the City could construct a storm water detention basin and a roundabout at the
31 intersection of 2000 South and Sandhill Road.

32
33 The City needed to acquire as much of the YESCO parcel as possible in order to construct the
34 desired improvements, and YESCO was willing to work with the City to accomplish that goal.
35 YESCO's only interest at the time was to retain enough property to allow it to continue operating
36 a billboard on the property. YESCO agreed that it would sell as much of its original parcel to the
37 City as possible while still retaining enough property to meet a minimum lot size requirement.
38 The City suggested applying the R6 zone to the property as that zone required only a
39 6,000 square foot lot size and was the only zone that allowed a lot of less than 7,000 square feet.
40 The intent was to apply a zone that would allow the City to purchase the greatest amount
41 possible of YESCO property. YESCO agreed to the proposal with the belief that the R6 zone
42 would not in any way impede its ability to continue operating a billboard on the property.

43 In accordance with that understanding, the City Council annexed the YESCO property into the
44 City on September 27, 2005 and applied the R6 zone to the property. The minutes of the City
45 Council meeting of September 27, 2005 reflect the parties' intentions and state in part: "In order
46 to maximize the area that the City can purchase and use for storm water detention, the City and
47 YESCO desire that the parcel that YESCO will retain ownership of be as small as possible."

1 The City subsequently completed its purchase of all but 6,430 square feet of the YESCO
2 property and proceeded to construct the detention basin and the roundabout. YESCO continued
3 to maintain the billboard on the remaining parcel.

4
5 As part of UDOT's I-CORE I-15 project, UDOT constructed sound walls along the eastern edge
6 of I-15 that obstructed the view of YESCO's billboard to traffic on I-15. In January 2013,
7 YESCO applied for and received a permit from UDOT to increase the height of the billboard in
8 order to make it clearly visible over these sound walls. YESCO also requested and received a
9 permit to install a new LED sign on the south face of the billboard. Subsequent to receiving the
10 permit, YESCO proceeded to increase the height of the billboard and installed the new LED
11 sign.

12
13 In approximately March 2013, following installation of the LED sign on the south face of the
14 billboard, the City received complaints from residential neighbors about the LED sign. While
15 looking into the legality of the LED sign, the City discovered that on YESCO's permit
16 application to UDOT, YESCO had inadvertently indicated that its property was in a commercial
17 zone. When the City notified UDOT that the YESCO property was actually in the R6 zone,
18 UDOT stated that it would not have issued a permit for the installation of an LED sign on the
19 billboard if it had known the property was in a residential zone. UDOT indicated that it would
20 not allow that type of upgrade on a billboard unless the property was located in a commercial or
21 industrial zone. However, UDOT said the increase in the billboard height was still appropriate as
22 a billboard company had the right to make its billboard clearly visible in the event that it became
23 obstructed due to highway improvements.

24
25 Following the receipt of that information, City staff notified YESCO that it would either need to
26 remove the LED sign or have its property rezoned to a commercial or industrial zone. City staff
27 had also held ongoing discussions with YESCO representatives and neighbors in the area to see
28 if some kind of compromise could be reached that would allow YESCO to keep the LED sign
29 while mitigating the sign's impact on neighbors. Some of the options that have been discussed
30 included:

- 31 • Keeping the sign message static (no sign changes) during certain hours such as between
32 midnight and 6:00 a.m.
- 33 • Slowing the rate of ad changes so that the message changes appear less abrupt
- 34 • Prohibiting an LED sign on the north face of the billboard.

35
36 Those discussions continued up until shortly before the Planning Commission meeting, although
37 no final agreement had been reached. In the event that a compromise agreement was reached,
38 City staff recommended that such agreement be memorialized in a development agreement prior
39 to any City Council action.

40
41 If the City Council rezoned the property to HS, UDOT would most likely allow YESCO to
42 maintain the LED sign. If the City Council denied the application and the property stayed R6,
43 UDOT would likely require YESCO to remove the LED sign. However, even if the property
44 remained R6, YESCO would maintain the right to have a traditional billboard on the property at
45 its current height.

1 YESCO held a neighborhood meeting on April 9, 2014, with five neighbors or property owners
2 in attendance. The concerns of the neighbors included the height and the LED panel. Some
3 neighbors felt the billboard was too high. Others felt the LED sign might be acceptable and less
4 obtrusive if kept at the existing height.

5
6 The Planning Commission first heard the request on April 23, 2014, but continued the item to
7 May 7, 2014. Planning Commission members wanted to make a night visit to the site to see what
8 impact the LED sign had on neighbors. Mike Helm of YESCO met several members of the
9 Planning Commission (staggered times) on May 2, 2014, to view the sign at night and to
10 examine readings of a light meter while directed at the LED sign. They also went into the home
11 of a nearby resident to see the how the LED sign affected the enjoyment of her house.

12
13 Mr. Bench showed images of the site and referenced different lighting circumstances, both day
14 and night.

15
16 Advantages:

- 17 • A rezone of the property to HS would allow YESCO to maintain the LED sign on the
18 south face of the billboard and avoid the expense and investment loss that would arise
19 from removing the LED sign. That would also allow YESCO to realize the expectations
20 it had at the time of annexation that application of the R6 zone would not negatively
21 affect its ability to operate a billboard on the property.
- 22 • LED was generally less bright than standard lighting on billboards which might result in
23 less overall light pollution.
- 24 • Application of the HS zone to the property would not open the door to other commercial
25 uses since existing easements on the property would prevent any use other than the
26 billboard.
- 27 • YESCO had indicated it was willing to commit to not install an LED sign on the north
28 face of the billboard.

29
30 Disadvantages:

- 31 • Some neighbors might find the existence of an LED sign on the south face of the
32 billboard to be less desirable than a traditional billboard face.
- 33 • If the property was rezoned HS, an LED sign could also be installed on the north face of
34 the billboard unless a development agreement prohibiting that was executed prior to City
35 Council action.

36
37 Mayor Brunst asked if the signs were angled toward the freeway. Mr. Bench said the signs did
38 angle toward the I-15 frontage. Prior to changing the sign facing south to LED, the angle was
39 flat.

40
41 Mrs. Black asked if the current proposal for the sign on the north side was to be left static.
42 Mr. Bench said it would, but that could change. Typically, sign companies did not change the
43 other face to LED because it was not normally cost effective.

44
45 When Mrs. Black asked about the development agreement requirement, Mr. Bench said the
46 Planning Commission did not feel a development agreement was necessary after visiting the site.

1 Mr. Sumner asked if the area had been zoned commercial before. Mr. Bench said it had once
2 been zoned for industrial when the parcel was part of Utah County.

3
4 Mr. Macdonald said he assumed YESCO took fair market value for the property sold to the City.
5 Mr. Bench said YESCO had.

6
7 Mr. Macdonald stated that the current sign was not in compliance with the current zoning. Mr.
8 Bench said YESCO had a permit from UDOT, which ultimately should not have been issued.

9
10 Mr. Macdonald said without the approval of a zone change, YESCO's permit would be
11 rescinded. Mr. Bench agreed.

12
13 Mayor Brunst invited the applicant, Mike Helm with YESCO Outdoor Media, to come forward.
14 Mr. Helm said when the neighborhood meeting had been set up at night to measure the light
15 meter readings, he had heard from City staff that two neighbors were planning on attending;
16 however, no neighborhood members showed up.

17
18 Mayor Brunst asked if there was intent to put LED on the north facing side. Mr. Helm said for
19 cost effectiveness the signs were maximized for "right-hand read" so motorists did not have to
20 look across the freeway to read the sign. Mr. Helm said it was unlikely that YESCO would
21 convert the north-facing sign to LED.

22
23 Mayor Brunst opened the public hearing.

24
25 Mark Bowden, resident, said he had concerns about the bright sign and suspected the site visit
26 was not effective in showing the Planning Commission the true effect the light coming from the
27 sign had on the surrounding neighborhood. Mr. Bowden said it was bad for the neighborhood.

28
29 Mike Whimpey, resident, said he had visited the home located under the sign. His belief was that
30 the sign was much more intrusive than what was represented to the Planning Commission. He
31 said that, depending on the ad, the lights could change. The sign was most intrusive as it cycled
32 through the different ads being featured.

33
34 Rich Melvin, resident, said the neighborhood was looking for concessions. He said the sign
35 occupied such a large presence in the neighborhood and devastated the quality of life for the
36 neighbors in the area.

37
38 Garr Judd, resident, said he met with YESCO to discuss ways to mitigate the situation. His
39 suggestions were to reduce the amount of advertisement turnovers in the evenings. He suggested
40 the possibility of manipulating colors. He expressed disappointment that neighborhood input had
41 not made its way to the City Council.

42 Mayor Brunst closed the public hearing.

43
44 Mr. Macdonald asked if LED was more or less intrusive. Mr. Bench said the Planning
45 Commission had determined the LED sign was less impactful than the static signs with lights
46 shining on them.

1 Mrs. Black stated that a changing light was much more intrusive than a static light. She said she
2 understood the neighborhood concerns and was disappointment that little mitigation had gone on
3 to that point. Mrs. Black suggested the City Council consider defining that no LED be allowed
4 on the north side of the sign and to determine static images on the south LED side of the sign
5 during the evening hours. She recognized that the overall height limit of the sign was set by the
6 State.

7
8 Subsequent to Council discussion, it was decided the item would be best to continue the
9 discussion to a later date to allow YESCO to work more closely with the neighborhood to
10 mitigate the sign issue.

11
12 Mr. Seastrand **moved** to continue the discussion to June 10, 2014. Mayor Brunst **seconded** the
13 motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald,
14 Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 7-0.

15 16 **COMMUNICATION ITEMS**

17
18 Mr. Davidson drew the Council's attention to the April financial statement which was included
19 in the agenda packet.

20
21 Mr. Davidson said sales tax revenues were on track with what had been predicted.

22 23 **CITY MANAGER INFORMATION ITEMS**

24
25 Mr. Davidson allowed time for Jason Bench to present to Council a preview of upcoming agenda
26 items.

27
28 Mr. Davidson discussed the development of a customer survey with regard to the Macquarie
29 PPP.

30
31 Scott Riding, Y2 Analytics Executive Vice President, addressed the Council. He distributed a
32 proposed survey. Mr. Riding said the objectives were to collect citizen input that represented the
33 City as a whole. The survey would provide for the following:

- 34 • Allow citizen input
- 35 • Measure current satisfaction
- 36 • Educate on Macquarie's proposal and measure current opinion
- 37 • Ensure representativeness of the study
- 38 • Maximize participation through random sampling.

39
40 Mr. Bybee said the survey questions were based off a number of information items.

41
42 Mr. Macdonald said the timing of carrying out the survey had to be sharp given that the City did
43 not have a large window of time to conduct it.

44
45 Mayor Brunst asked that the Council members look over the distributed survey and get back to
46 Mr. Bybee with any questions.

1 Mrs. Black said she appreciated having a professional who would carry out the survey to ensure
2 questions would be fair and analytical.

3
4 Mr. Riding said the demographic information was compared to census information. The only
5 deficiency was Orem's student population. Y2 Analytics was proposing to work with UVU to be
6 able to email its student list as part of the study.

7
8 Mr. Riding acknowledged the most robust way to send a survey would be to send a mailer out,
9 but that option was expensive and time intensive. The planned approach would be slightly less
10 robust but, considering the trade-offs of cost and time, it would be comparative in
11 representativeness. The results from the random sampling were anticipated to give the Council
12 an accurate idea of where the citizens stood.

13
14 Mr. Davidson reiterated that the reliability of the data received would not change, depending on
15 the method by which the survey was carried out.

16
17 Mr. Bybee said the plan was to have the results by June 17, 2014, so the Council could begin
18 looking over the results in preparation for making a decision on moving forward with the
19 Macquarie Milestone Two.

20
21 Mr. Riding said the results could be provided a few days prior to June 17, 2014, to better
22 accommodate the Council in considering the results.

23
24 Mayor Brunst asked for Council input on the planned open houses for distributing information
25 about Macquarie's proposal.

26
27 Mrs. Black stated that she would like a professional explanation of the facts to be available to the
28 citizens.

29
30 Mr. Seastrand said it was important to understand the consequence of not going with Macquarie.
31 He suggested there could still be some factual statements about what could potentially happen if
32 the City did not move forward with Macquarie.

33
34 Mr. Andersen said he would want a vote of the citizens. He suggested the City provide as much
35 information as possible. He said he suspected the people did not realize the City had had
36 meetings with those offering alternative solutions. Mr. Andersen suggested other groups be
37 allowed to attend the open house.

38
39 Mr. Davidson said that, so far, Macquarie was the only entity with a formal proposal on the table
40 It might be possible in the future that additional open houses could be held for those who had
41 brought forth a formal proposal.

42 Mrs. Black, Mr. Sumner, and Mr. Seastrand expressed interest in having Laura Lewis present to
43 provide more financial information.

44
45 Mr. Davidson said Ms. Lewis had been working with UTOPIA's finance committee to develop
46 more definitive information. Mr. Davidson said he could follow up with Ms. Lewis to see if there
47 was more concrete information she would be able to share at a future meeting.

1 Mayor Brunst said the planned open house would likely begin at 6:00 p.m. Mr. Davidson said
2 the details on the open houses were not yet determined, but it was initially intended that the open
3 houses would begin at 6:00 p.m. to follow suit with other regular scheduled meetings. Mr.
4 Davidson added that the structure of the planned open houses was up to the Council to decide.

5
6 Mr. Spencer asked if any changes could be made to the mailer intended to be distributed through
7 the Orem utility bill. Mr. Davidson said changes could be made, but the City was limited in time
8 to get it printed and mailed out.

9
10 Steven Downs, Assistant to the City Manager, said changes could still be made but the mailer
11 should be mailed as soon as possible. Mr. Downs said an email address had been set up for
12 citizens to submit questions the public had about the Macquarie proposal.

13
14 Mr. Davidson indicated there was limited space on the mailer. The entire information about the
15 Macquarie/UTOPIA relationship would not fit on the 5.5 x 8.5 flier. The City was trying to be
16 strategic in presenting the most beneficial information, given the limited space, to maximize the
17 resource the fliers would be.

18
19 Mr. Davidson asked if the Council would be interested in meeting again with First Digital. He
20 cautioned about holding more meetings with partial quorums.

21
22 Mrs. Black suggested that conversations should continue after the UTOPIA board meeting.

23
24 Mr. Macdonald acknowledged the article in the *Daily Herald* about businesses coming to Orem.
25 He appreciated seeing Orem highlighted in the press in such a positive way.

26
27 Mayor Brunst noted there was a new Economic Development website.

28
29 Mr. Davidson acknowledged an award given to the Timpanogos Storytelling Festival.

30
31 Charlene Crozier, Library Director, explained the award was given by the State of Utah. Each
32 year Governor Herbert recognized arts academies by presenting awards to recognize outstanding
33 performance in different categories. Timpanogos Storytelling Institute was recognized for Arts
34 Origination. The awards were presented at the Mountain West Arts Conference.

35
36 Mr. Seastrand suggested that news of the award should be shared on the City website.

37 38 39 40 41 **ADJOURNMENT**

42
43 Mr. Seastrand **moved** to adjourn the meeting. Mr. Andersen **seconded** the motion. Those voting
44 aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand,
45 David Spencer, and Brent Sumner. The motion **passed** unanimously.

46
47 The meeting adjourned at 8:05 p.m.

1
2
3
4
5
6

Approved: June 10, 2014

Donna R. Weaver, City Recorder